

Message Text

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21

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DRAFTED BY EUR/EE:DNMILLER/FDR

APPROVED BY EUR:JAARMITAGE

EB:MLORIMER

EUR/EE:CBROWN

C:WSHINN

S/S:JMEALUM

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R 182351Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST

C O N F I D E N T I A L STATE 036659

LIMDIS

E.O. 11652: GDS

TAGS: ETRD,HU

SUBJECT: US HUNGARIAN TRADE ISSUES:GATT

REF: A. BUDAPEST 3316 (NOV. 29,1974); B. BUDAPEST 3503
(DEC. 23, 1974); C. STATE 52; D. STATE 11522

1. TO THE BEST OF OUR KNOWLEDGE, HUNGARIAN REPRESENTATIONS
ON GATT ARE DIRECTED PRIMARILY AT THE U.S. INVOCATION OF
ARTICLE 35. ARTICLE 35 OF THE GATT PERMITS A MEMBER TO
AVOID APPLYING GATT TREATMENT TO ANOTHER MEMBER. WE INVOKED
ARTICLE 35 BECAUSE WE WERE NOT IN A POSITION TO EXTEND MFN
TO HUNGARY. THE TRADE ACT CLEARLY PREVENTS US FROM DISIN-
VOKING ARTICLE 35. THIS WOULD BE TRUE EVEN IN THE EVENT
A TRADE AGREEMENT WERE CONCLUDED UNDER THE TRADE ACT,SINCE
ONCE ARTICLE 35 HAS BEEN DISINVOKED IT CANNOT BE INVOKED
AGAIN.

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2. THE HUNGARIANS APPARENTLY HAVE WANTED TO DISCUSS THE RELATIONSHIP BETWEEN OUR EXCEPTION UNDER GATT AND A FUTURE BILATERAL TRADE AGREEMENT. NYERGES' VIEW "THAT OUR TRADE AGREEMENT MUST CONFORM TO THE GATT" (AS REPORTED REF A) IS NOT CONSISTENT WITH THE REQUIREMENTS OF THE 1974 TRADE

ACT (SEE IN PARTICULAR SECTIONS 402,404,405,406, AND 409). THE GOH HAS INFORMED THE EMBASSY (BUDAPEST 231) THAT IT DOES NOT WISH TO BE APPROACHED AT THIS TIME FOR NEGOTIATIONS UNDER THE 1974 TRADE ACT, WHICH IS OUR LEGAL MANDATE. WHEN AND IF WE ARE ABLE TO TAKE UP THE QUESTION OF A TRADE AGREEMENT WE WILL BE PREPARED TO DISCUSS GATT.

3. THE ABOVE IS FOR EMBASSY BACKGROUND REQUESTED IN REF B.
MAW

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NNN

Message Attributes

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